



Agenda Report

File #: 18-2133

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 10/17/2018

TO: Honorable Mayor and City Council Members

FROM: Community Development Department

SUBJECT:

Third Amendment to the City of Corona Historic Civic Center Lease Agreement with Inspire Life Skills Training, Inc. (located at 815 W. Sixth Street, Suite 160)

RECOMMENDED ACTION:

That the City Council:

1. Approve the Third Amendment to the City of Corona - Historic Civic Center Lease Agreement with Inspire Life Skills Training, Inc.
2. Approve an estimated revenue increase of \$368.00 in the Historic Civic Center Fund 232 for Fiscal Year 2018-19.

ANALYSIS:

Inspire Life Skills Training, Inc. (Inspire) is a local non-profit dedicated to serving, mentoring and training former foster and homeless youth become self-sufficient through the pursuit of higher education. Since September 17, 2014, Inspire has occupied Suite 160 at the Historic Civic Center (HCC) located at 815 W. Sixth Street. Their lease has been amended twice, October 1, 2015 and September 21, 2016, extending their term. Inspire wishes to amend the lease a third time to add storage space.

Suite 160 is a modestly sized office space, roughly 573 square feet, and serves as Inspire's office, meeting and storage space. This fiscal year, Inspire was awarded Community Development Block Grant funds for up to three years. These funds are earmarked to hire a new staff member. To accommodate the additional staff, Inspire needs storage space. HCC contains two basement areas, Basement A and Basement B, that are ideal for storage. Space is available in Basement B, as depicted in Exhibit 2, located in the east wing of HCC. This basement area is prone to dampness and less desirable as it limits what can be stored. Inspire is fully aware of the conditions and remains interested in leasing two rooms for a total of 230 square feet.

Because of the damp conditions, the rent rate was negotiated below the average HCC storage rate of \$0.30 per square feet. The space is being offered at \$0.20 per square foot. If this third amendment to the lease is approved, Inspire will pay an additional \$46.00 per month or \$552.00 per year. All other terms, conditions and obligations will remain in full effect.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

The lease agreement is consistent with the City's Strategic Plan goal to Actively Engage in Public and Private Partnerships to Provide Services and Amenities because it provides a place of opportunity for a private enterprise to provide programs and services for youth groups within the City.

FISCAL IMPACT:

Approval of this action will generate a nominal amount of \$46.00 monthly or \$552.00 annually. The Fiscal Year 2018-19 revenue increase will be \$368.00 based on an effective date of November 1, 2018. Rent income will be deposited into Civic Center Fund 232. The additional income provides for a reduction in the operating cash transfer needed from the General Fund 110.

GENERAL FUND	
Budget Workshop May 23, 2018 - Est. Revenue Over Expenditures	\$6,626,911
Previously approved budget adjustments (net)	(6,120,285)
Revised Estimated Revenue Over Expenditures	\$506,626
Revenue Increase - Historic Civic Center Lease Agreement	368
Revised Estimated Revenue Over Expenditures	\$506,994
Estimated Budget Balancing Measures Reserve 06/30/18	\$20,645,252
Estimated FY 2018-19 Change in Budget Balancing Measures	506,994
Estimated Budget Balancing Measures Reserve 6/30/19	\$21,152,246

Note: For financial reporting purposes, the Historic Civic Center Fund is part of the General Fund.

ENVIRONMENTAL ANALYSIS:

The execution of this lease agreement is not a project under the California Environmental Quality Act, therefore, an environmental analysis was not required.

PREPARED BY: CYNTHIA LARA, ADMINISTRATIVE SERVICES MANAGER II

REVIEWED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES

File #: 18-2133

DIRECTOR

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER

Attachments:

Exhibit 1 - Third Amendment to Lease Agreement

Exhibit 2 - Leased Premises (Basement B)

Exhibit 3 - Leased Premises (Suite 160)

**THIRD AMENDMENT TO
CITY OF CORONA - HISTORIC CIVIC CENTER LEASE AGREEMENT
(INSPIRE LIFE SKILLS TRAINING, INC.)**

1. PARTIES AND DATE.

This Third Amendment to the City of Corona Historic Civic Center Lease Agreement ("Third Amendment") is made and entered into this 3rd day of October, 2018 by and between the City of Corona ("City") and Inspire Life Skills Training, Inc., a California non-profit corporation ("Tenant"). City and Tenant are sometimes individually referred to as "Party" and collectively as "Parties" in this Third Amendment.

2. RECITALS.

2.1 Agreement. City and Tenant entered into that certain City of Corona Historic Civic Center Lease Agreement dated September 17, 2014 ("Agreement"), whereby City agreed to provide lease space to Tenant in its property commonly referred to as the "Historic Civic Center" in the Agreement.

2.2 First Amendment. The First Amendment to the Agreement was entered into on October 1, 2015, whereby the City and Tenant mutually agreed to extend the Term of the Agreement for one (1) year.

2.3 Second Amendment. The Second Amendment to the Agreement was entered into on September 21, 2016, whereby the City and Tenant mutually agreed to extend the Term by three (3) years, commencing October 1, 2016 through September 30, 2019, and delegate to the Community Development Director the authority to extend the Term an additional two (2) years under certain terms and conditions.

2.4 Third Amendment. City and Tenant desire to amend the Agreement for the third time to increase its leasable space for storage purposes.

3. TERMS.

3.1 Leased Premises. Section 2.2 (Leased Premises) and Exhibit "A" of the Agreement are hereby deleted in their entirety and replaced with the following:

"Effective November 1, 2018, Tenant desires to lease the following portions of the Property, as depicted in Exhibit "A-3" attached hereto and incorporated herein by reference: (1) Suite 160 consisting of approximately 573 square feet; and (2) Basement 'B' – Inspire Storage Room consisting of approximately 230 square feet (the "Leased Premises")."

3.2 Base Rent. Section 3.3.1 (Base Rent) of the Agreement is hereby deleted in its entirety and replaced with the following:

“Effective November 1, 2018, as a component of Rent, Tenant shall pay to Landlord Base Rent for leasing the Leased Premises without offset or deduction, in the amount of FOUR HUNDRED SEVENTY-FIVE DOLLARS AND SEVENTY-FIVE CENTS (\$475.75) per month, broken down as follows: (1) Seventy-Five Cents (\$0.75) per square foot for Suite 160 and (2) Twenty Cents (\$0.20) per square foot for the Basement ‘B’- INSPIRE Storage Room (“Base Rent”). The first payment of Base Rent shall be due on November 1, 2018 (“Rent Commencement Date”). Subsequent monthly Base Rent payments shall be due and payable on the first day of each month following the first Base Rent payment. Payment of Base Rent shall be made to Landlord at its address stated herein or to such other persons or place as Landlord may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Landlord’s rights to the balance of such Base Rent, regardless of Landlord’s endorsement of any check so stating. Payments will be applied first to accrued late charges and attorney’s fees, second to other outstanding charges or costs, and any remaining amount to Base Rent. Base Rent shall be increased each year on the anniversary of the Commencement Date as noted in Section 3.2, as amended.”

3.3 Continuing Effect of Agreement. Except as amended by this Third Amendment, all provisions of the Agreement shall remain unchanged and in full force whenever the term “Agreement” appears in the Agreement, it shall mean the Agreement as amended by this Third Amendment.

3.4 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Third Amendment.

3.5 Counterparts. This Third Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

[SIGNATURES ON FOLLOWING 2 PAGES]

LANDLORD'S SIGNATURE PAGE FOR
THIRD AMENDMENT TO
CITY OF CORONA - HISTORIC CIVIC CENTER LEASE AGREEMENT
(INSPIRE LIFE SKILLS TRAINING, INC)

IN WITNESS WHEREOF, the Parties have entered into this Third Amendment to the City of Corona Historic Civic Center Lease Agreement.

CITY OF CORONA

By: _____
Darrell Talbert
City Manager

Attest:: _____
Sylvia Edwards
City Clerk

Approved as to Form:

Dean Derleth
City Attorney

TENANT'S SIGNATURE PAGE FOR
THIRD AMENDMENT TO
CITY OF CORONA - HISTORIC CIVIC CENTER LEASE AGREEMENT
(INSPIRE LIFE SKILLS TRAINING, INC)

IN WITNESS WHEREOF, the Parties have entered into this Third Amendment to the City of Corona Historic Civic Center Lease Agreement.

INSPIRE LIFE SKILLS TRAINING, INC
a California non-profit corporation

By: _____
Signature

Name (Print)

Title (Print)

By: _____
Signature

Name (Print)

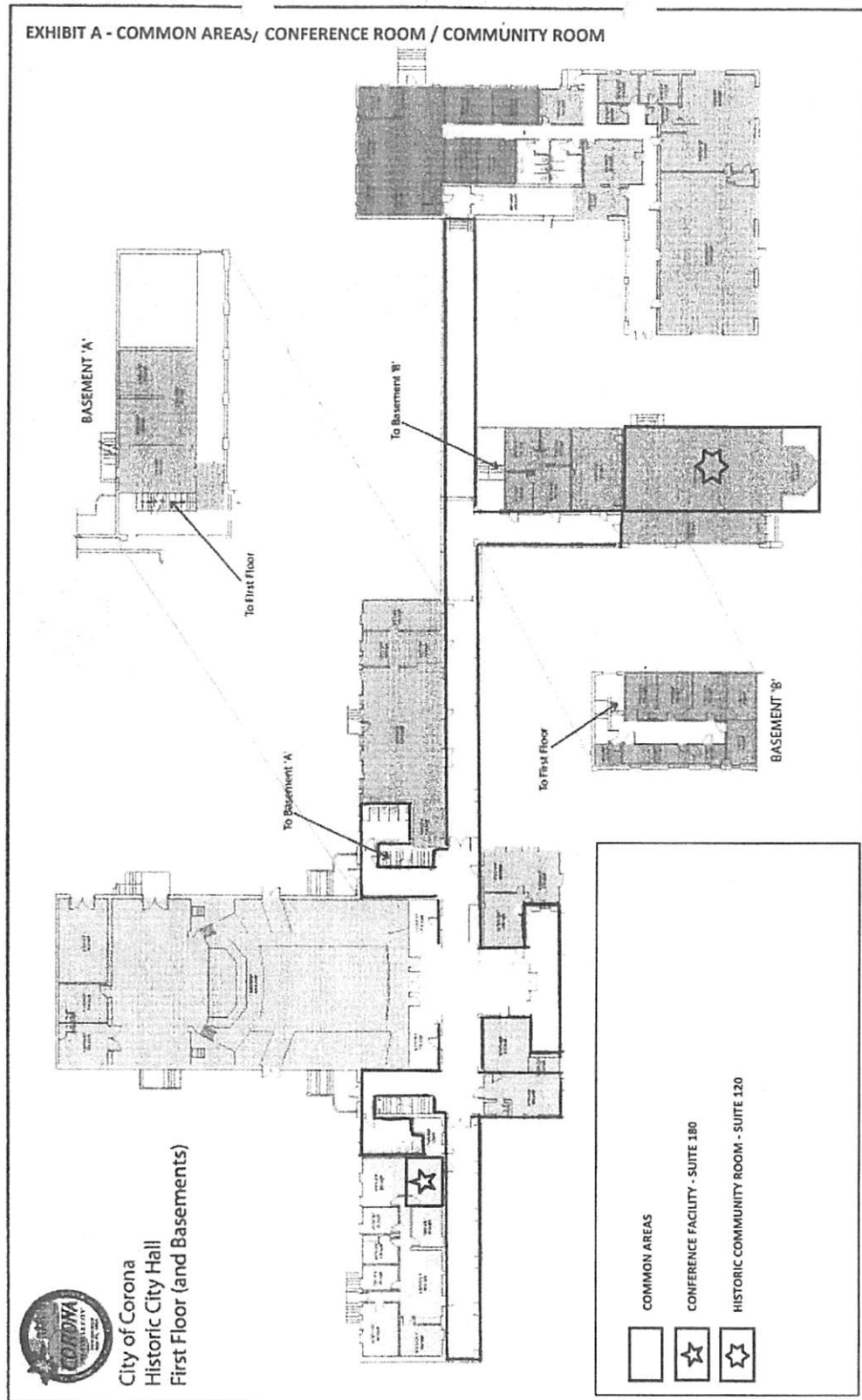
Title (Print)

EXHIBIT "A-3"
3 MAPS OF THE PROPERTY DEPICTING THE
LEASED PREMISES & SOME COMMON AREAS

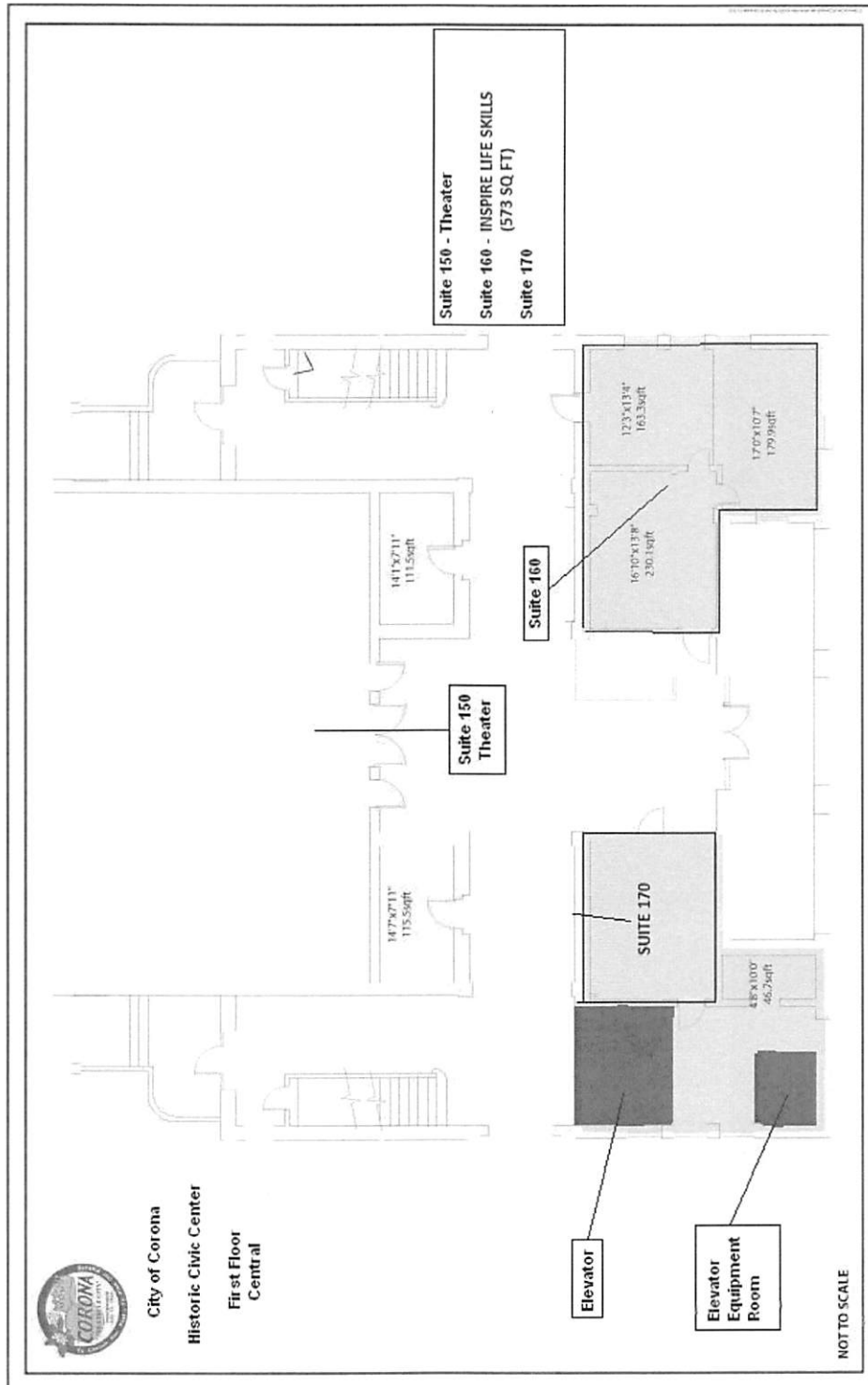
[SEE ATTACHED 3 PAGES]

SOME COMMON AREAS

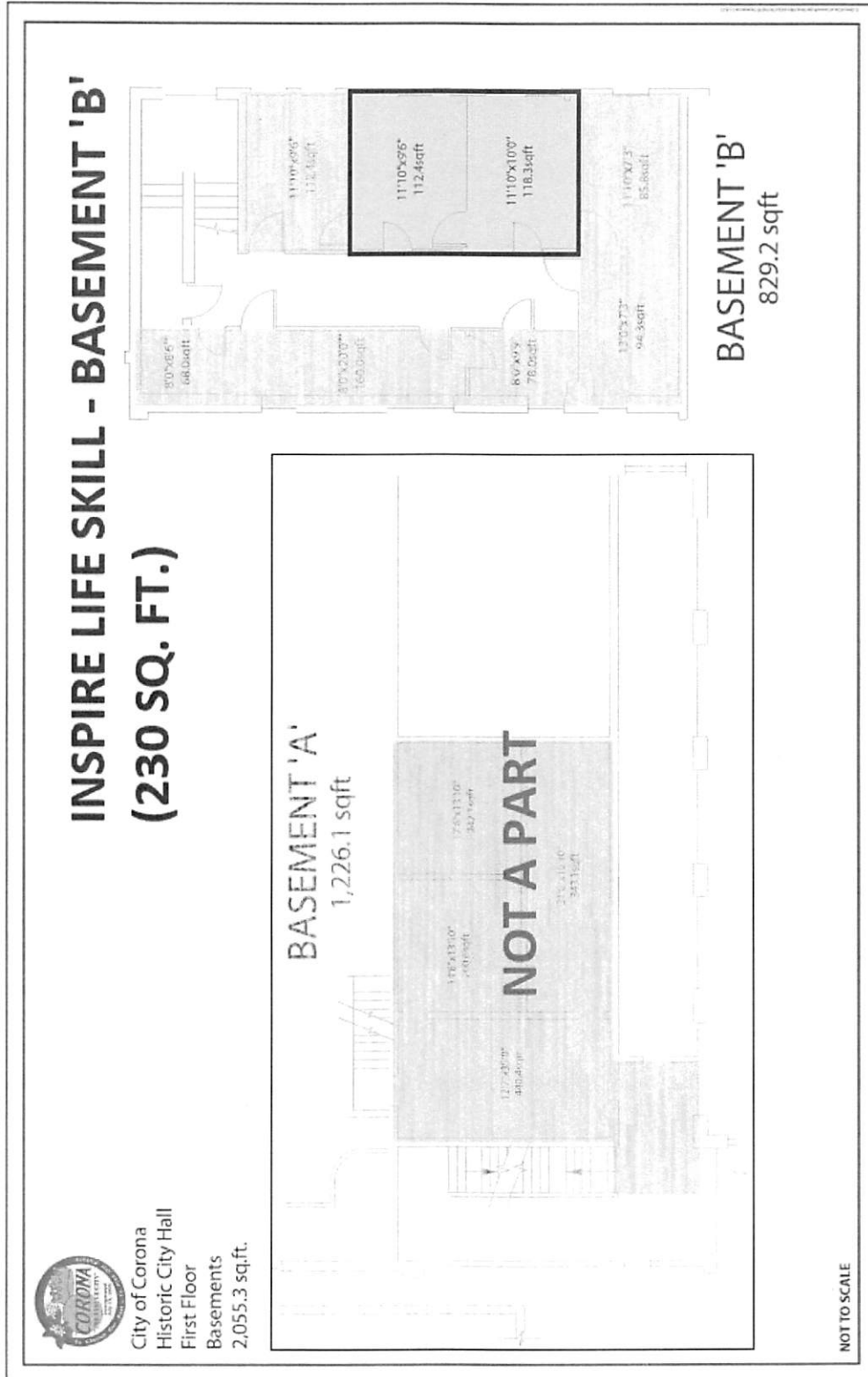
EXHIBIT A - COMMON AREAS, CONFERENCE ROOM / COMMUNITY ROOM



LEASED PREMISES – SUITE 160



LEASED PREMISES – BASEMENT 'B'- INSPIRE STORAGE ROOMS

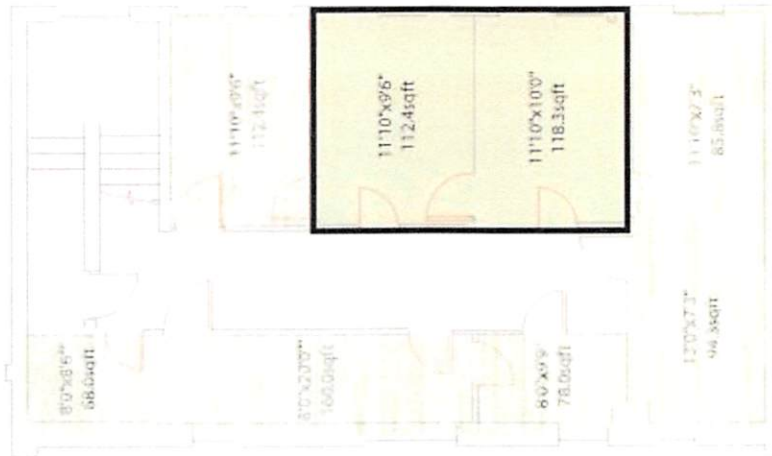
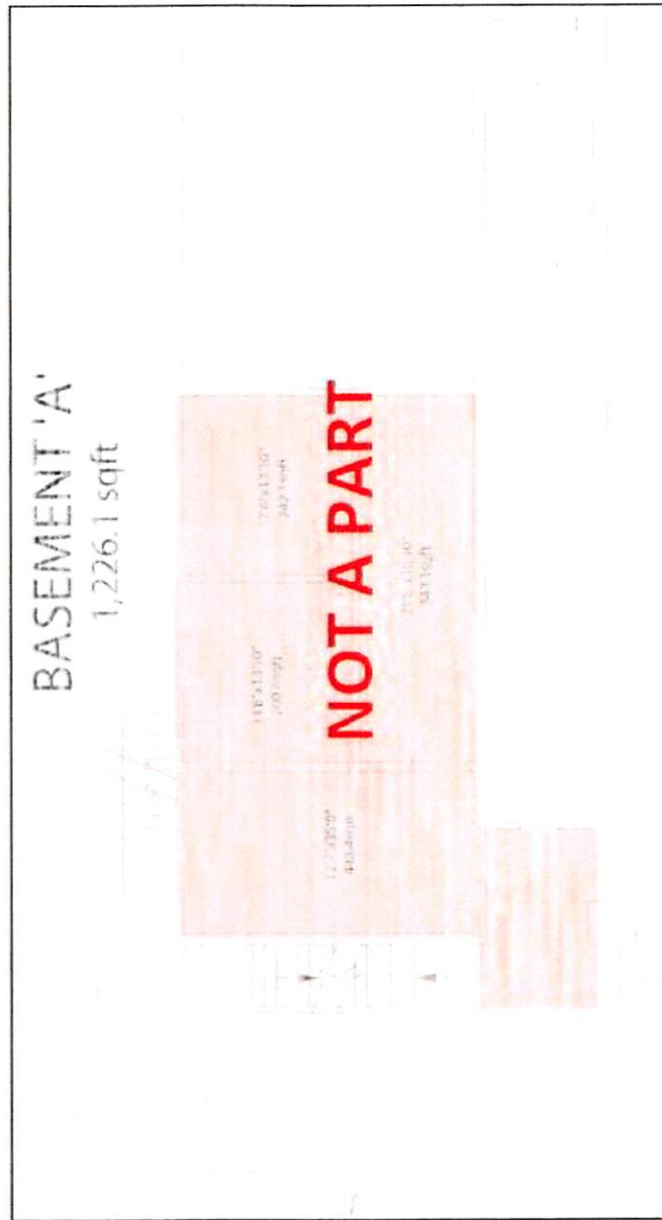




City of Corona
Historic City Hall
First Floor
Basements
2,055.3 sq.ft.

INSPIRE LIFE SKILL - BASEMENT 'B' (230 SQ. FT.)

BASEMENT 'A'
1,226.1 sqft

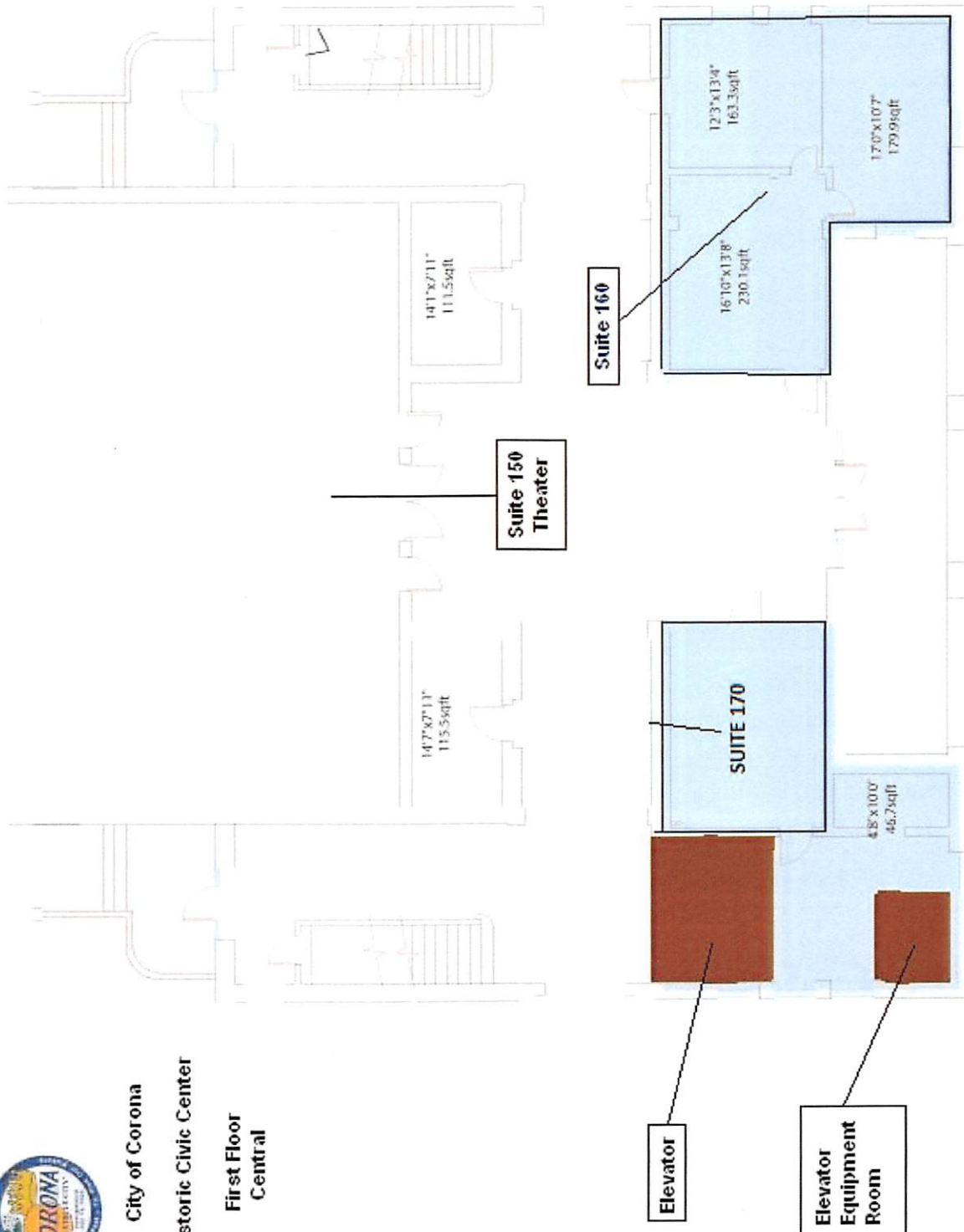


BASEMENT 'B'
829.2 sqft

NOT TO SCALE



City of Corona
Historic Civic Center
First Floor
Central



Suite 150 - Theater

Suite 160 - INSPIRE LIFE SKILLS
(573 SQ FT)

Suite 170

Suite 160

Suite 150
Theater

SUITE 170

Elevator

Elevator
Equipment
Room

NOT TO SCALE

EXHIBIT 3